

CAMPE PERFORMANCE INDICATORS

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EXECUTIVE SUMMARY

INTRODUCTION

In 1997 the Institute for Technology of Santo Domingo (INTEC) was awarded an eighteen month grant of \$1,500,000 to support the Center for Support to Small and Micro Business (CAMPE). The original project was four years in duration, but because of changes in USAID's Strategic Objectives and delays in project start-up, the current project is 21 months.

The dramatically shortened project execution period has had a serious effect on CAMPE's ability to **measurably** achieve the longer term goals of the project, especially those related to increasing income of participating micro and small businesses by improving business skills, strengthening network activities among NGO's in the small and micro sectors and improving the methodology and curriculum of microentrepreneur training and technical assistance used by CAMPE and other NGOs.

CURRENT STATUS OF PROGRAM

Increasing the productivity and economic viability of small and microenterprises via training for their human capital is one of the most important objectives of the project. CAMPE's programs of training and technical assistance are delivered as direct courses and as services provided through various NGOs involved in the sector. Each of the programs have a cost that the client businesses must pay and a cost that is covered by the sponsoring association or NGO that is responsible for promoting the courses and recruiting participants. As of October 30, 1997, CAMPE presented a total of 34 courses and workshops with 996 participants, of which more than 50% were women.

The establishment, development and maintenance of a network of NGOs and government entities involved in the sector is one of objectives of the grant agreement with CAMPE. Such a network has been developed with fifteen original members--representing some of the most important players in the SME sector, of which CAMPE is a primary contributor.

CURRENT PERFORMANCE INDICATORS

Besides expected outputs, there are currently four performance indicators in the grant agreement, three of which are focused on the impact of the program on micro-entrepreneurs and one on participation of players in the sector in a network. The four performance indicators are:

1. Increased sales by 5% among project participants;
2. Increased capitalization by 5% among project participants;
3. Increased number of jobs generated by 5% among project participants; and
4. At least 50% of institutions supporting the SME sector engaged in networking activities by the end of the project.

The first three of these indicators are legitimate attempts to measure the effectiveness of both CAMPE's training and technical assistance program and training, and technical assistance in general. Since the targeted percent increase is not based on a known benchmark regarding the impact of credit programs, these indicators do not separate out CAMPE's effectiveness from the overall impact of training and technical assistance on increased revenues, net income and capitalization. They also require a longer period of measurement than is available within the program time limits and reliable information needed to measure the indicators dealing with increased income and capital assets is difficult to obtain by a training organization such as CAMPE. The fourth indicator measures the outreach of the network formed by various players in the SME network, but the universe of programs used--all programs working in the SME sector-- is very difficult to define and does not recognize the relative importance of major players that truly shape the sector.

PROPOSED PERFORMANCE INDICATORS

Based on the above discussion, it is proposed that the performance indicators for the CAMPE project be changed/modified to the following:

1. Percentage of micro-entrepreneurs/micro-enterprises paying for more than one course or technical assistance program.
2. Increase in CAMPE's institutional strength and financial sustainability as reflected in a higher score on a specially developed assessment tool.
3. Percentage of leadership organizations within the microenterprise sector that remain active with the established network at the end of the project.

Percentage of micro-entrepreneurs/micro-enterprises paying for more than one course or completing at least two of a series of courses where participants have paid in full for the series.

Rational: Participants in the training and technical assistance have many demands on their scarce resources, especially in terms of time away from the business and actual cash paid. The initial decision to participate will be based on expected benefits. However, the decision to continue with additional courses, or to send additional personnel to subsequent courses, should be based on perceived net benefits received from prior courses.

Issues/Critical Assumptions: This indicator relies on the micro-entrepreneur making an adequate assessment of the benefits received from the training for him/herself or any employee that he or she might send to subsequent trainings. There are factors other than the effectiveness of CAMPE's training that will affect this indicator. These include business conditions unrelated to the training and family or community events.

Methodology/Benchmark: The formula for calculating this benchmark would be:

$$\frac{\text{Persons for the Same Business Paying for and Taking More Than One Course}}{\text{All Persons Taking CAMPE Courses}}$$

The data source for this indicator would be the registration sheets that CAMPE uses for each course. The proposed benchmark for this indicator is 60%.

Increase in Score on Institutional Management Measurement

Rational: One measurement of success in institutionalization of CAMPE is the use of IDS's Management Capacity Measurement, which incorporates many of the elements of successful organizations, as modified for CAMPE.

Issues/Critical Assumptions: A critical assumption of this indicator is that if an organization develops a good product and a strong institutional structure, funding sources and clients will recognize the importance of the product.

Methodology/Benchmark: The CAMPE assessment should be done by an outside party that systematically works through each question. The proposed benchmark for this tool is 75%.

Participation in the SME Network

Rationale: One of the cited weaknesses of support for the SME sector has been the fragmentation and relative isolation of service providers within the sector. A strong network, of which CAMPE was a recognized part of the leadership, could serve as a platform for dialogue on policy issues affecting the sector, especially government policies, as well as a forum for discussion of common challenges facing the sector.

Issues/Critical Assumptions: One critical assumption is that a network is an appropriate and positive response to fragmentation in the industry. A second critical assumption is that a strong network will have a positive impact on the sector. To some degree this indicator is beyond the control of CAMPE since it depends on the participation of other organizations.

Methodology: As of the date of this report, a core membership has been established that consists of 15 members with an executive committee of seven and includes the leadership organizations within the sector as identified by the sector actors themselves. It is proposed that the universe of organizations included in the indicator be the official representatives of the current membership of the network since it represents the most established organizations which provide leadership to the sector and who provide services to a large number of clients. Hence the formula for calculating this indicator would be:

$$\frac{\text{Number of Core Organizations with Official Representatives at Meetings}}{\text{Number of Core Organizations}}$$

The data source for the indicator would be attendance records of the network meeting. The benchmark would be 60%--higher than the original benchmark and reflecting the smaller universe.

CAMPE PERFORMANCE INDICATORS

I. INTRODUCTION

In 1997 the Institute for Technology of Santo Domingo (INTEC) was awarded an eighteen month grant of \$1,500,000 to support the Center for Support to Small and Micro Business (CAMPE). The original project was four years in duration, but because of changes in USAID's Strategic Objectives and delays in project start-up, the current project is 21 months.

The dramatically shortened project execution period has had a serious effect on CAMPE's ability to **measurably** achieve the longer term goals of the project, especially those related to increasing income of participating micro and small businesses by improving business skills, strengthening network activities among NGO's in the small and micro sectors and improving the methodology and curriculum of microentrepreneur training and technical assistance used by CAMPE and other NGOs. All of the above goals require a significant period of time over which results can be measured in order to adequately separate out CAMPE's impact from random events. Even a shorter term goal such as improving the methodology and curriculum requires time to develop, adequately test, make necessary adjustments, and retest.

The shorter time period does not mean that the activities foreseen in the original grant agreement cannot be achieved, although the shortened time period does argue for a focus on those activities which are most likely to result in the long-term sustainability of CAMPE, while maintaining a primary focus on the target market--micro-entrepreneurs.

Performance indicators have an impact on project activities because projects become more focussed on the areas that affect the outcome of the indicators. It is suggested that the applicability of performance indicators for this project be judged on the basis that 1) they are measurable within the timeframe, i.e. measurable results could be expected to accrue during the project lifetime; 2) help focus CAMPE's efforts on activities that are most likely to result in long-term sustainability, within the context of its mission and a focus on micro-entrepreneurs; and 3) CAMPE's activities are important to the achievement of the performance indicator.

II. CURRENT STATUS OF PROGRAM

Training

Target Market

Increasing the productivity and economic viability of small and microenterprises via training for their human capital is one of the most important objectives of the project. The SME sector is a very important part of the

workforce in the Dominican Republic, representing 21% according to the last study done by Fondo Micro. An emphasis on training for this segment of the workforce is very much in line with established USAID policies and objectives to provide support for poor Dominicans. Studies have shown that the SME sector requires assistance in areas of management, marketing, technical production, etc. if it is to realize its potential. In fact, studies show that non-credit barriers in many cases, constitute a more formidable barrier to success for the SME sector than credit. Many microentrepreneurs have improved their situation by acquiring additional skills in the areas mentioned above. Different programs undertaken in the non-financial area, in many cases, have had a major impact on the ability of microentrepreneurs to develop their skills, achieve a higher level of success, and escape from poverty.

At the same time, studies undertaken by Fondo Micro of the SME sector point toward a lack of empirical evidence regarding the efficacy of training in relationship to the expansion of SME businesses. Nonetheless, when interviewed, seventy-eight percent of participants considered training to be useful or very useful. In a second study done by the National Council for Private Enterprise (1996), 92% of the respondents indicated that technical assistance had helped them improve their business.

Within the context of its mission, CAMPE offers training and technical assistance, some of which is done in conjunction with other organizations in the sector. These activities are undertaken by a group of professionals with different specialities that form the Productivity Improvement Team. Courses are offered in Production, Management and Planning, Human Resources and Training, Marketing and Finance. The team of consultants also is charged with designing CAMPE's training programs.

CAMPE's programs of training and technical assistance are delivered as direct courses and as services provided through various NGOs involved in the sector. CAMPE's program with each organization with which it has an agreement is different--a difference based on the results of a needs assessment conducted by CAMPE and the clients of the sponsoring organization.

Agreements reached with NGOs

Via agreements with other organizations, CAMPE is carrying out its program of technical assistance with the objective of increasing the productivity of the client businesses. Each of these programs have a cost that the client businesses must pay and a cost that is covered by the sponsoring association or NGO that is responsible for promoting the courses and recruiting participants. In addition, these organizations provide logistical support. The contracts also establish the sponsoring organization's responsibilities for follow-up programs of technical assistance. In some cases these programs are carried out by students of INTEC.

The agreements for training and technical assistance signed by CAMPE have different objectives and duration. Currently there are a total of four formal agreements with sponsoring organizations--ADOPEM, APYME, FIME and FDD. Attachment 1 summarizes the terms of these agreements.

As of October 30, 1997, CAMPE presented a total of 34 courses and workshops, including those that were given within the terms of the signed agreements. Participants for these courses numbered 996, of which more than 50% were women. The workshops are aimed at microenterprises that are growing and generally have more than two employees.

Training Design

CAMPE has a defined methodology to improve the competitiveness of SME businesses. (See Attachment 2). The strategy has different stages. The initial stage is aimed on motivating participants via a conference in which CAMPE conducts a preliminary needs assessment--Inventory of Strengths and Weaknesses of the Business. This inventory is filled out by the participant and consists of a series of questions regarding his/her business. This information allows CAMPE staff to more thoroughly understand the business condition of the various participants.

Following the initial needs assessment, CAMPE holds two motivational workshops--"6 Hours for Change" and "Competitive Strategies". These two workshops determine the types of follow-up training that is required. The final stage includes the determination of the parameters of action areas or projects in which to focus the technical assistance to improve the competitiveness of the business. For individual or group technical assistance a profile of the microentrepreneur is determined in order to identify his/her needs, expectations and potential for success.

Using this overall pattern, CAMPE has designed six programs for courses and workshops, which it has been giving since the beginning of April, 1997. In addition to the motivational courses mentioned above, CAMPE gives courses in Basic Production and Cost, Cost of Production, Marketing, Effective Client Service, Marketing and Sales, and Fundamentals of Organization and Discipline in the Workplace.

In reference to the forms used by CAMPE to collect information on microentrepreneurs, these forms could contain additional data that would allow CAMPE to obtain more complete information on its clients. Such information might be the area of economic activity, the age of the owner, the form of financing etc. In respect to the design of the programs, the methodology defined by CAMPE establishes clear and specific criteria for the orientation of its clients. These include: 1) provide techniques and tools that permit them to integrate creativity in the management of production in order to improve continually their products or services; 2) develop

the capacity to confront problems involved in the continuous improvements of their businesses; and 3) create an ability to increment production by prioritizing activities.

Course materials

Materials developed for the workshops include the definition of the objective for each program. However, for some, the level of the language used can be very technical. In these cases, the courses are being revised internally in order to adopt them to the level of comprehension of the participants. Since the objective of the programs is to communicate knowledge to be used later by the participants in their businesses, the language must be relevant to the context of the sector (Attachment 3). A good example of a course whose language is well targeted is the course on fundamentals in organization and discipline in the workplace. It is very well designed--using simple language and good graphics. The content is easy to understand and apply because of its simple and practical structure.

Some suggestions for improvements in the presentation of the course materials include: clear statement of the benefits of the training, including information on the skills to be learned; definition of the theme that will be developed and its practical application; information on the design of the training including its objective; and a statement of who would best benefit from the course given the particular needs of the participant.

In regard to further institutionalizing the training program, CAMPE hopes to benefit from the experience and industry studies undertaken by FDD, one of the organizations that has entered into an agreement with CAMPE for training and technical assistance.

Network

The establishment, development and maintenance of a network of NGOs and government entities involved in the sector is one of objectives of the grant agreement with CAMPE. The importance of the existence of this network has been expressed by various leaders of the sector across several forums. CAMPE, which forms a part of this network, has participated in the coordination and promotion of different activities within the network. CAMPE's activities have included financing and coordinating workshops, as part of the activities of INDOTEC and its program of support to the sector, part of which included the formation of a coordinating body such as the network.

The Institutional Network of Support to the Micro, Small and Medium Business (The Network) began at a meeting held by INFOTEP, with the participation of three official organizations--the Central Bank's PROMIPYME, the Corporation for Development and Industry and INFOTEP--as well as a series of NGOs providing support to the sector. From its beginning, a total of 15

organizations participated. The work of these participating institutions, involving the microenterprise sector, is summarized in Attachment 4.

Objectives

The general objective for the establishment of the network is to coordinate the efforts of national institutions providing support to the micro, small and medium sized businesses. Some of the specific objectives include: to serve as a space for dialog and formation of policy and general philosophy, share common experiences within the sector, and benefit from the various international collaborations directed at the sector. In addition, network members can share costs for the realization of activities of common interest within the sector, such as seminars, publications, studies, assessments and international consultancies. The network also increases understanding and support among the individual executing organizations forming the network.

For the functioning of the network, a Executive Committee of seven institutions was elected--maintaining adequate representation between government entities, NGOs and business associations as well as speciality areas such as financing, training, studies and technical assistance. This Executive Committee was elected for a period of one year and its functions are to facilitate and coordinate network activities, maintain minutes of the decisions of the meetings and provide follow-up in the execution of action plans.

The Executive Committee is composed of the Secretariat of Industry and Commerce (PROMIPYME), INFOTEP, CODOPYME, INTEC/CAMPE, ADOPEM, FONDOMICRO, and INDOTEC/PRODOMYPI. As can be seen the Executive Committee of the network, besides including CAMPE, also includes major organizations operating credit programs for micro, small and medium enterprises. A brief description of the organizations involved in the Executive Committee of the network can be found in Attachment 5.

The action plan of the network for 1997 is oriented toward activities involved with discussing policies for the SME sector, as well as a diverse exchange of experience between the members in different areas such as training and credit.

Actions Taken

The activities undertaken by the network, via the Executive Committee are linked to the plan of action defined for 1997--principally discussions on the preparation of a document "Policies and Strategies for the SME Sector". The document was presented in a workshop for the definition of concrete policies in the area of training and technical assistance. The recommendations contained in the document will be circulated to the membership and within the Government as support for a public discussion regarding the adoption of concrete policies within the areas of study.

Other activities of the network have been a debate on the cost of credit services for owners of micro and small businesses, the use of subsidized interest rates by entities operating in the sector, and the agreements that interest rates should reflect market prices, avoiding distortions caused by subsidized rates.

The members of the network have very definite ideas on the purposes of the network. Among the reasons cited were 1) to facilitate the offering of services within the sector in a coordinated manner; 2) to serve as a forum for policy proposals for the sector; and 3) to combine data bases from various organizations, such as programs in execution, publications, and service delivery guide.

The network has proposed to form a new plan of action for 1998. Some of the items being considered include the expansion of the network via new participants, including localities outside of Santo Domingo. As part of its organizing strategy the core participants in the network had decided to maintain a small size during the definition

stage in which the basic conceptual framework and philosophy was being conceived.

Via different interviews with the institutions that form the network, it was clear that for it to realize its potential, achieve its objectives, the maintain itself over the long term, the network would need to offer concrete products and services to its members. In addition, the network will need to avoid conflicts of interest among the groups represented.

Equally, some members felt that CAMPE could be an important factor in the animation and increased importance of the network, via supporting studies for the sector, and offering products and services within the context of international cooperative agreements, such as supporting network initiative like publications, seminars, workshops, etc. This more active participation on the part of CAMPE within the network would provide an increased linkage between the obtained results and the indicators established in the AID program related to the functioning of the network.

III. CURRENT PERFORMANCE INDICATORS

Besides expected outputs, there are currently four performance indicators in the grant agreement, three of which are focused on the impact of the program on micro-entrepreneurs and one on participation of players in the sector in a network. The four performance indicators are:

1. Increased sales by 5% among project participants;
2. Increased capitalization by 5% among project participants;
3. Increased number of jobs generated by 5% among project participants; and
4. At least 50% of institutions supporting the SME sector engaged in networking activities by the end of the project.

The first three of these indicators are legitimate attempts to measure the effectiveness of both CAMPE's training and technical assistance program and training, and technical assistance in general. Since the targeted percent increase is not based on a known benchmark, these indicators do not separate out CAMPE's effectiveness from the overall impact of training and technical assistance on increased revenues, net income and capitalization.

There are other weaknesses in the current indicators regarding impact on micro-entrepreneurs, the most important of which is related to the time constrictions of the project. Micro-entrepreneurs, except those in agriculture, generally have a short operating cycle, turning production or inventory into cash in a relatively short period of time. Nonetheless, given a normal start-up time for CAMPE of three or four months, most of the training and technical assistance activities should fall within the last 18 months of the project--a short-time in which to directly measure the impact of CAMPE's program on micro-entrepreneurs.

A second weakness in these indicators is the difficulty in separating out the impact of credit and that of training and technical assistance. CAMPE is leveraging its resources by using the client base of other organizations in the sector. This is a very good approach and allows CAMPE to effectively zero in on its target market--growing micro-enterprises. It does make it more difficult to segregate on a global basis, the impact of CAMPE's activities from those of the host organization. This could be achieved through specific studies that looked carefully at a segment of the participant population, but even such a study to be effective, would need to be over a period of time sufficient to include the period of training/technical assistance and several business cycles. It is also the type of study that should be initiated later in the life of the project, after CAMPE has had an opportunity to refine and, at least partially, institutionalize its training/technical assistance curriculum and methodology.

A final weakness in two of the three indicators--the two dealing with increased income and capital assets is the difficulty of obtaining reliable information by an organization such as CAMPE that is not providing credit. Especially in the area of training, which reaches greater numbers but with less intensive involvement on the part of CAMPE than technical assistance, income and capitalizations figures are likely to be unreliable. Physical assets may be easier to see but can be difficult to value. CAMPE could use as baseline data, information provided by the credit granting organization, which is likely to have more realistic data, assuming that the micro-entrepreneur is a credit client. For those micro-entrepreneurs who participate in technical assistance activities, CAMPE would be more likely to obtain reliable data.

Secondary and anecdotal evidence indicate that training and technical assistance have a positive effect on micro-entrepreneurs that exceed the unsubsidized cost to the micro-entrepreneur and the organization. Service providers that currently have contracts with CAMPE provided several illustrations of micro-entrepreneurs who had clearly benefited from training. Anecdotal evidence, while interesting, is not particularly strong unless supported by some other secondary evidence. The fact that the courses being offered by CAMPE represent costs in terms of actual cash outlays and time spent for both the sponsoring organizations and the micro-entrepreneurs is indicative of the value placed on training and technical assistance in general and, more specifically, the expected value¹ to be received from CAMPE's courses. (See Attachment 1 for summary of costs). At least one of the service providers, ADOPEM, was quite clear in its belief that training and technical assistance had a positive effect on its portfolio.

Given the above and the monetary and time constraints the program is under, a reasonable and cost-effective approach to designing performance indicators to measure the training and technical assistance program would be to take as a critical assumption that training and technical assistance is beneficial and focus on whether or not

¹It is important to recognize that the willingness of organizations and individuals to pay for CAMPE's courses is based on expectations, not actual experience. One could presume that this expectation is a combination of belief that training has a positive value and that CAMPE's training will be good enough to deliver that value.

CAMPE is an effective deliverer of training and technical assistance. This would argue that the performance indicators for this area should not try to directly measure impact, such as change in income (which has many variables), but instead use demand for CAMPE's training and technical assistance products as a proxy for measuring impact.

The fourth indicator that is currently in the grant agreement measures the outreach of the network formed by various players in the SME sector. This network was proposed in response to the perception that the field was fragmented and isolated and that the establishment of a network would bring increased synergy and coordination within the sector. The major problem with this indicator is that the universe of SME programs is not well defined. A second issue is that the indicator as currently constructed does not take into consideration the relative importance of the different actors in terms of their impact on the sector--the participation of major players such as Fondo Micro, ADEMI and ADOPEM should carry more weight than would an organization whose own outreach in the sector is much more limited.

Impact on microentrepreneurs is clearly one of the major concerns of this project and all of the current indicators point directly or indirectly to that goal. Another concern reflected in project documents and in discussions with CAMPE and USAID personnel is the long-term institutionalization of a center of education, technical assistance and research concerned with the needs of small and micro businesses. While reflected in some of the objectives and outputs of the grant agreement, this very important result is not reflected in the current performance indicators.

IV. PROPOSED PERFORMANCE INDICATORS

Based on the above discussion, it is proposed that the performance indicators for the CAMPE project be changed/modified to the following:

1. Percentage of micro-entrepreneurs/micro-enterprises paying for more than one course or technical assistance program.
2. Increase in CAMPE's institutional strength and financial sustainability as reflected in a higher score on a specially developed assessment tool.
3. Percentage of leadership organizations within the microenterprise sector that remain active with the established network at the end of the project.

Each of these proposed indicators is discussed in further detail below.

Percentage of micro-entrepreneurs/micro-enterprises paying for more than one course or completing at least two of a series of courses where participants have paid in full for the series.

Rational

Participants in the training and technical assistance have many demands on their scarce resources, especially in terms of time away from the business and actual cash paid. The initial decision to participate will be based on expected benefits. However, the decision to continue with additional courses, or to send additional personnel to subsequent courses, should be based on perceived net benefits received from prior courses.

Not all of the training programs are alike. In some cases, participants pay for each course separately. In others, participants pay for a series of courses that take place over a longer period of time. Payments are not large--generally 100 pesos per course. The opportunity costs of attending are probably greater than the actual payment for the course--time spent in the course could be used for profit generating activities.

This indicator focusses on training. CAMPE also provides technical assistance in a group setting. Technical assistance is likely to be more intensive and result in a higher commitment of the micro-entrepreneurs. It is also likely to occur later in the project, as most micro-entrepreneurs who receive technical assistance will have already taken more than one course. The inclusion or exclusion of group technical assistance should not have a material impact on the indicator since most of the participants already will have been included as a result of their attendance at training sessions.

Issues/Critical Assumptions

This indicator relies on the micro-entrepreneur making an adequate assessment of the benefits received from the training for him/herself or any employee that he or she might send to subsequent trainings. This is a plausible assumption, especially in regard to second training events. First, the micro-entrepreneur knows his or her business best and is in a good position to judge the impact the course had on the business. In initial courses, micro-entrepreneurs may be ignorant of the course's potential benefit or may not perceive a need initially. However, with the experience of taking a course, the micro-entrepreneur will be more aware of the potential benefit of subsequent courses in different areas.

There are factors other than the effectiveness of CAMPE's training that will affect this indicator. These include business conditions unrelated to the training and family or community events.

Relationship to USAID Intermediate Result 1.1 and CAMPE Priorities

This indicator is in direct support of USAID's intermediate result--Increased service and training capacity for CAMPE by demonstrating the demand for CAMPE courses. The indicator should also help CAMPE assure that its courses remain relevant to its market. Course evaluations provide some feedback for course improvements, but participants are often very non-critical in filling out evaluations. A fall-off in repeating clients would be a signal to CAMPE to investigate the reasons behind the fall-off and take appropriate action.

Methodology

The formula for calculating this benchmark would be:

$$\frac{\text{Persons for the Same Business Paying for and Taking More Than One Course}}{\text{All Persons Taking CAMPE Courses}}$$

The data source for this indicator would be the registration sheets that CAMPE uses for each course. CAMPE currently has registration information for the courses it has given. Its planned MIS system will track participation by individual and businesses.

Benchmark

The benchmark proposed for this indicator is 60% of CAMPE clients will pay and take more than one course. This level recognizes that there will be a natural fall-off in participation for reasons unrelated to CAMPE. This benchmark is not based on a standard, but on what might be reasonably expected to indicate success.

Increase in Score on Institutional Management Measurement

Rational

One of the primary goals of this project is the permanent institutionalization of successful approaches for microenterprise training. The creation of a sustainable institution on such a short time frame is very difficult, but the fact that CAMPE is a center within an already successful institution contributes a great deal to the prospects for success.

Institutionalization is a complex and integrated process that results in an organizational system that is stable within a set range. Even financial sustainability, which is more quantifiable than other elements, is dependent on a range of factors--especially for an organization like CAMPE whose product within the **targeted** market of this project will always require some sort of subsidy.²

One measurement of success in institutionalization of CAMPE is the use of IDS's Management Capacity Measurement, which incorporates many of the elements of successful organizations. Originally developed for

²Subsidy in this context does not necessarily mean an external donor/project subsidy, although in the short-term it probably does. Over the longer term, assuming CAMPE is able to "capitalize" part of USAID's contribution in terms of institutionalizing its training and technical assistance methodology, (thereby lowering delivery costs), a significant portion of the subsidy could come from cross-subsidy products such as services to other sectors (including wealthier micro-enterprises).

non-profits, it has been modified to reflect CAMPE's status as a center within a larger institution. It is a tool that requires the scorer to exercise judgement in scoring the organization. Certain key elements such as management and staff and solid operations have been weighted heavier than other elements that are important, but not as critical. (See Attachment 5).

Issues/Critical Assumptions

The tool measures long-term sustainability and is comprehensive in its approach. In the short-term, particular elements are much more important, in particular the ability to cover short-term financial needs. An organization could achieve a set benchmark and still not have sufficient funds to cover its financial needs. At the same time, an ability to cover short-term funding needs, while it extends the time the organization has to improve its sustainability, does not insure long term stability. Many organizations struggle from grant to grant for a couple of years before collapsing. CAMPE should continue to monitor its progress toward covering short-term financial needs, while working toward the longer term sustainability that is reflected in the Management Capacity Measurement.

One caution is important in seeking financial sustainability. There is a natural tension between serving the target market of the current USAID grant, micro-entrepreneurs, presumably those micro-entrepreneurs who are disadvantaged, and financial sustainability. Micro-entrepreneurs and small businesses that are better off financially could pay the full costs of their training, increasing the sustainability of CAMPE, but increasing the probability of losing a focus on the disadvantaged part of the sector. This tension can be managed via a strong mission statement and a sophisticated accounting system that allows CAMPE management to track and target the use of resources.

A critical assumption of this indicator is that if an organization develops a good product and a strong institutional structure, funding sources and clients will recognize the importance of the product--in CAMPE's case, the importance of business skills training for microentrepreneurs. According to studies cited by USAID, the demand on the part of the microentrepreneurs for training and technical assistance is high. The current climate among donors, however, is heavily oriented toward the provision of credit, using a minimalist approach. In the Dominican Republic where the micro-credit industry is pretty established, donors wishing to investment in the economic well-being of the poorer micro-entrepreneur may be more willing to support training and technical assistance.

Relationship to USAID Intermediate Result 1.1 and CAMPE Priorities

This performance indicator is directly related to USAID's Strategic Objective "Increased Service and Training Capacity of CAMPE" by measuring the degree to which CAMPE has institutionalized its approach to microenterprise training and its ability to generate or obtain funds for sustainability. For CAMPE, the measurement tool provides a comprehensive "road map" of the tools need to achieve long-term sustainability.

Methodology

The CAMPE assessment should be done by an outside party that systematically works through each question. On those questions that require judgement over a range of possible scores, the assessor should note the logic behind his/her score. For example, in scoring the planning section, the scorer may determine that there is a strategic plan in place, but that it is outdated and therefore is weak in its ability to serve as an over-arching guide for CAMPE.

Another consideration is the timing of the assessment. Since the performance indicator is measuring the impact

of the USAID project as well as CAMPE sustainability, to the extent possible, the scorer should use the situation as it existed prior to the implementation of the grant agreement.

Currently, there is no baseline study available. It is proposed that the current team work with CAMPE to complete the survey for use as a baseline from which to measure progress.

Benchmark

The proposed benchmark for this tool is 75%. A strong institution would not necessarily score 100% on all elements. This benchmark is not based on an established standard but on what a solid institution might reasonably be expected to score.

Participation in the SME Network

Rationale

One of the cited weaknesses of support for the SME sector has been the fragmentation and relative isolation of service providers within the sector. A strong network, of which CAMPE was a recognized part of the leadership, could serve as a platform for dialogue on policy issues affecting the sector, especially government policies, as well as a forum for discussion of common challenges facing the sector. CAMPE's involvement and support for a network of service providers would complement its strategy of using service providers in the sector as a spring board for its training and technical assistance program. Hence a strong network would be beneficial both to the sector by coordinating efforts and to CAMPE as an organization in carrying out its program.

Issues/Critical Assumptions

Participation in the SME network is relatively easy to measure once the universe has been defined (see the section on methodology), but the effectiveness of the participation is equally important. For example, an organization may be "participating" by sending lower level staff with little influence or ability to commit the organization.

One critical assumption is that a network will have a recognizable benefit to the sector, i.e. that a network is an appropriate and positive response to fragmentation in the industry. A second critical assumption is that a strong network will have a positive impact on the sector. Too strong a network could stifle creativity and result in collusion in critical areas such as interest rates. This would not seem to be a problem in the Dominican Republic where the industry is fairly developed and diverse.

To some degree this indicator is beyond the control of CAMPE. While CAMPE can help support the network through specific activities it cannot compel organizations to participate. Hence, CAMPE could provide excellent support for the network, but still fail to achieve the benchmark. Additionally, the network, by its nature, is a cooperative venture in which no one

organization has dominance--in fact if one organization did dominate the network, it would probably fail.

Relationship to USAID Intermediate Result 1.1 and CAMPE priorities

The existence of a strong network, as measured by participation, will help CAMPE increase its service and training capacity by helping to assure that CAMPE's training and services address the needs identified by the sector. A successful network should also strengthen the sector as a whole by improving communication and coordination.

Methodology

As of the date of this report, a core membership has been established which includes the major players in the sector, including government organizations. This core membership currently consists of 15 members with an executive committee of seven and includes the leadership organizations within the sector as identified by the sector actors themselves. Plans call for the network to be extended, once organizational issues are resolved and the program more established.

It is proposed that the universe of organizations included in the indicator be the current membership of the network. The rationale for this is two-fold. First, the current members represent the most established organizations which provide leadership to the sector and who provide services to a large number of clients. Their participation is most likely to impact the sector. Second, while the core leadership is relatively easy to identify, the total universe of organizations operating in the sector is not as easy to identify. Some organizations may work with micro-enterprises as part of a larger program. Other programs or organizations, operating more on the fringe of the sector, may come and go depending on funding.

It is also proposed that the universe of meetings be defined as network meetings scheduled during the project. If attendance data is not available for meetings prior to the establishment of this indicator, the universe could be limited to future meetings. This would still be effective because the purpose of the indicator is to capture the stability of the network at the end of the project.

In order to capture the level at which organizations are participating, it is proposed that the universe be further refined to include the appointed representatives (or their seconds). This will help measure the depth of the organization's participation since official representatives are generally from higher levels in the organization. Hence the formula for calculating this indicator would be:

$$\frac{\text{Number of Core Organizations with Official Representatives at Meetings}}{\text{Number of Core Organizations}}$$

The data source for the indicator would be attendance records of the network meeting.

Benchmark

The original benchmark for this indicator was 50% of the actors in the sector. However, the universe, however, it might have been determined, was considerably larger. It is proposed, therefore, to increase the benchmark for this indicator to 60%, recognizing that the universe is smaller, although more important within the sector. By choosing 60% it is also recognized that some players may choose not to participate

Proposed Indicators and Project Objectives

The proposed indicators address most of the specific objectives of the project. The performance indicators measure directly or indirectly the following objectives:

Percentage of participants from a business paying for more than one course or completing at least two of a series of courses where participants have paid in full for the series.

- Provide focussed, demand-drive skills training and technical assistance in the areas of modern management practices and production processes to develop the human resources of the small and microenterprise sector.

Increase in Score on Institutional Management Measurement

- Modify and improve INTEC courses of study related to the SME sector, by reorienting materials and introducing relevant electives;
- Expose students and INTEC professors to the realities and environment of the SME sector;
- Institutionalize the services to SME sector from INTEC through the creation and permanence of a sustainable center for the support of the small and microentrepreneur.

Participation in the SME Network

- Facilitate and promote the open dialog between actors of the SME sector.
- Collaborate with and maintain coordination with other institutions who support the SME sector with the objective of complementing and reinforcing strengths of all involved.

Two of the project objectives are not specifically addressed by the indicators. These are:

- Provide support to NGOs who work within the SME sector in the development of training courses, improvement of methodology, and training of trainers; and
- Identify and evaluate factors which influence success and failure of SME, and disseminate this information through seminars, workshops and written materials.

The first of these specific objectives will benefit indirectly from improvements made by CAMPE in its own training and technical assistance materials and methodology. The second objective, while important to the industry, should probably not be a significant enough focus for CAMPE under this project to warrant developing a performance indicator that would take this objective into consideration. Also, the impact of studies would be hard to determine over the short timeframe of the project.

Performance Indicators and Project Focus

The proposed performance indicators focus on the impact of training and technical assistance and the institutionalization of CAMPE. The project has other goals and objectives. CAMPE and USAID may want to consider the merits of focussing efforts on the two areas as the two areas most likely to result in the long-term sustainability of CAMPE. This does not mean that CAMPE would not undertake activities related to other objectives, but that there would not be an emphasis on activities related to them.

Performance Indicators and Project Outputs

The relationship between project outputs and performance indicators is important, especially in the area of training and technical assistance. One of the proposed performance indicator focusses on the reaction of microentrepreneurs. Without the counter-balancing effect of a certain level of output in terms of courses and people trained, CAMPE could focus its attention on a small group of microentrepreneurs--an action that might satisfy the indicator, but not the goals of the project.

In regard to the other outputs, two suggestions are made. First, that USAID and CAMPE may want to consider reducing emphasis on best practices. While important, this particular project output is a little vague in its presentation and probably requires a longer period of time to identify and document best practice factors than is available under the project. A second suggestion is that the project output related to networking activities, be adjusted to reflect the proposed performance indicator and structure of the current network.

V. MANAGEMENT INFORMATION SYSTEM

Client Data

One of the keys to solid program management and performance indicators is a strong management information system (MIS). CAMPE is in the process of developing a system capable of handling data associated with the training and technical assistance component of its program. It currently uses spreadsheets to consolidate some of

the data collected in needs assessments and from course registrations. This data is used in the production of reports to USAID.

Data collected from registration forms for training courses is somewhat spotty. In particular, CAMPE has found that microentrepreneurs are unwilling or unable to provide particularly accurate financial data regarding their business. This is not unexpected at the training level where a strong relationship has not been developed. Assuming the proposed indicators are accepted CAMPE needs to rethink its data flow to capture the information at the level required for monitoring purposes.³ For example, for training registration, CAMPE may ask entrepreneurs to rank their business revenues as part of a pre-set range, rather than providing a particular number. More detailed information could be collected when microentrepreneurs register for technical assistance.

CAMPE also needs to step back and look carefully at its program and how the information needs might be changing and then incorporate those changes into both the data collection forms and desired reports and data entry screens. While the weaknesses are minor, there does exist a disconnect between the current forms and the data base. Additionally, as it is currently constructed the program does not take the advantage it could of modern software to aggregate data. These are all minor issues, which at this stage would not require a lot of adjustment since the program is still in the test stage. Once CAMPE become fully committed to the design of the database program, changes would be more difficult.

³Monitoring purposes should not be limited to information required for USAID, but rather information CAMPE requires to monitor and improve its program.

Financial Data

CAMPE benefits from the already established financial systems of INTEC. INTEC has set up a chart of accounts for CAMPE tied to cost categories in the USAID budget. It is now in the process of entering data and generating reports from the income and expense side of the accounting system.⁴ The chart of accounts as it currently exists will provide CAMPE with good reporting on the USAID project, but does not appear to be able to generate the kind of management information that will help CAMPE improve its own productivity. For example, in the future, CAMPE may want to break costs by specific cost centers such as training versus technical assistance. CAMPE management has already indicated a desire to track staff time by cost center to help improve productivity. Normally this is done via the accounting system. To do this would require a change in the current accounting structure.

VI. FOLLOW-UP ACTIVITIES

Assuming the acceptance of the new performance indicators, follow-up activities would include completing the management capacity assessment and working with CAMPE to further improve its MIS. Other areas of important focus would be the Strategic Plan--especially of financial sustainability. The team could provide assistance in developing a strategy for financial sustainability as well as techniques in proposal generation and management. In addition, the team would work with CAMPE staff to resolve any problems in implementing the proposed performance indicators.

⁴Up until just recently, INTEC has been treating the CAMPE USAID project as an account receivable, i.e. not running the costs through the income and expense side of its ledger.

TABLE OF CONTENTS

| | <u>Page #</u> |
|---|-------------------------------------|
| EXECUTIVE SUMMARY | i |
| ACRONYMS..... | iv |
| I. INTRODUCTION | 1 |
| II. CURRENT STATUS OF PROGRAM | 1 |
| Training | 1 |
| Target Market | 1 |
| Agreements reached with NGOs | 2 |
| Training Design | 3 |
| Course materials | 4 |
| Network | 4 |
| Objectives | 5 |
| Actions Taken | 5 |
| III. CURRENT PERFORMANCE INDICATORS | 6 |
| IV. PROPOSED PERFORMANCE INDICATORS | 9 |
| Percentage of micro-entrepreneurs/micro-enterprises | 9 |
| Increase in Score on Institutional Management Measurement | 11 |
| Participation in the SME Network | 13 |
| Proposed Indicators and Project Objectives | 15 |
| Performance Indicators and Project Focus | 16 |
| Performance Indicators and Project Outputs | 16 |
| V. MANAGEMENT INFORMATION SYSTEM | 17 |
| Client Data | 17 |
| Financial Data | 18 |
| VI. FOLLOW-UP ACTIVITIES | 18 |
| Attachment 1 | Summary of CAMPE Agreements |
| Attachment 2 | CAMPE's Assistance Methodology |
| Attachment 3 | Summary of Course Objectives |
| Attachment 4 | Network Members |
| Attachment 5 | IDS Management Capacity Measurement |